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BUCKLEY, MASCHOFF & TALWALKAR LLC			VEZERIS, JAMES A	
50 LOCUST AVENUE			ART UNIT	PAPER NUMBER
NEW CANAAN, CT 06840			4172	
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/766,315	<b>Applicant(s)</b> JONES ET AL.
	<b>Examiner</b> ANDREW A. VEZERIS	<b>Art Unit</b> 4172

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED. (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

1) Responsive to communication(s) filed on **27 January 2004**.

2a) This action is **FINAL**.      2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

4) Claim(s) **1-25** is/are pending in the application.

4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5) Claim(s) \_\_\_\_\_ is/are allowed.

6) Claim(s) **1-25** is/are rejected.

7) Claim(s) \_\_\_\_\_ is/are objected to.

8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All    b) Some \* c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 10/28/2004

4) Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_

5) Notice of Informal Patent Application

6) Other: \_\_\_\_\_

**Detailed Action**

**Claim Objections**

1. Claim 1 is objected to because of the following informalities: In the last line of the claim the applicant states, "issuing said forward contract and said note as a unit." The examiner notes a unit has already been stated in the preamble of the claim. The examiner, will exam the claim as if the unit from the preamble is the one issued in the last line. Appropriate correction is required.
2. Claims 3 and 15 are objected to because of the following informalities: Both claims discuss second and third subsequent capped remarketing attempts. However, both claims depend off of claims which state a capped remarketing occurs after a first capped remarketing attempt. It is assumed the applicant would like to place the second and third subsequent remarketing attempts prior to the uncapped remarketing attempt. Appropriate correction is required.
3. Claim 16 is objected to because of the following informalities: Where the claim states, "determining that each of said attempted remarketing is unsuccessful; and..." should read, "determining that if each of said attempted remarketing is unsuccessful; and if so..." Appropriate correction is required.
4. Claim 19 objected to because of the following informalities: In the last paragraph of the claim, it is stated, "said subsequent capped remarketing..." This should read, "said subsequent capped remarketing..." since only one subsequent remarketing is discussed.. Appropriate correction is required.

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 1, 2, and 17 of the claimed invention are directed to non-statutory subject matter. The claims teach of a method to issue a unit, which deals with the creation of a contract and note. Contracts and notes are both legal rights which are non-statutory matter.

**Claim Rejections- 35 U.S.C. 112 2<sup>nd</sup> Paragraph**

7. Claim 2 recites the limitation "...said unit has discretion to perform at least of one of a capped and an uncapped remarketing." There is insufficient antecedent basis for this limitation in the claim. Examiner notes that the claim will be examined as if the capped and uncapped remarketing were the "said subsequent capped remarketing" and "said uncapped remarketing" from claim 1.

8. Claim 7 recites the limitation, "if both said initial capped remarketing and said subsequent remarketing are unsuccessful..." There is insufficient antecedent basis for this limitation in the claim. Examiner notes that the claim will be examined as if the claim read, "if both said initial capped remarketing and said subsequent remarketing are unsuccessful." Appropriate correction is required.

9. Claim 20 recites the limitation "The unit administration system of claim 20..." in the first line. There is insufficient antecedent basis for this limitation in the claim. A claim may not be dependent on itself.

**Claim Rejections- 35 U.S.C. 103(a)**

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 1-5 and 7-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Internal Revenue Service Issues Guidance On Popular Equity-Linked Financial Products" by Shearman & Stearling LLP (Herein after ."Shearman") in view of "Information to Evaluate an Adjustable Rate Mortgage" (Hereinafter "Mortgage).

**Regarding Claim 1.**

Shearman together with Mortgage teach a method for issuing a unit to a holder, comprising:

creating a forward contract, the forward contract specifying a settlement amount and a settlement date; (Shearman "Description of Mandatory Units" first paragraph)

creating a note securing obligations of said holder under said forward contract, (Shearman "Description of Mandatory Units" second paragraph) said note specifying an initial capped remarketing, (Shearman Footer 4) at least a first subsequent capped remarketing (Mortgage), and an uncapped remarketing (Shearman "IRS analysis" Last Paragraph), said uncapped remarketing performed only if each of said capped remarketing fails, (Shearman "IRS analysis" Last Paragraph) each of said capped and uncapped remarketing scheduled to occur prior to said settlement date (Shearman "Description of Mandatory Units 2nd paragraph);

issuing said forward contract and said note as a unit. (Shearman first paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 2.**

Shearman together with Mortgage further teach said note further specifies an opportunistic remarketing period during which an issuer of said unit has discretion to perform at least one of a capped and an uncapped remarketing. (Shearman "Description of Mandatory Units" second paragraph, Shearman "IRS analysis" Last Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 3.**

Shearman together with Mortgage further teach a second and a third subsequent capped remarketing. (Mortgage) Examiner notes that Mortgage teaches "subsequent rate adjustments" meaning an infinite number of possible rate adjustments.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 4.**

Shearman together with Mortgage further teach a remarketing is successful if

said note can be resold for an amount greater than said settlement amount. (Shearman "Description of Mandatory Units" paragraph 2)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 5.**

Shearman together with Mortgage further teach a remarketing is successful if said note can be resold for an amount greater than said settlement amount plus a remarketing fee. (Shearman "Description of Mandatory Units" paragraph 2) Examiner notes that the amount of money mentioned in Shearman must be "at least equal to the settlement amount" allowing for any amount greater than the settlement amount as well.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 7.**

Shearman together with Mortgage teach a method for remarketing a mandatory unit:

attempting an initial capped remarketing of a note portion of said mandatory unit, (Shearman Footer 4) said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory Unit date (Shearman "Description of Mandatory Units 2nd paragraph), said initial remarketing subject to a reset rate cap; (Shearman Footer 4)

attempting a subsequent capped remarketing if said initial remarketing is unsuccessful (Mortgage);

attempting, if both said initial capped remarketing and said subsequent capped remarketing are unsuccessful, a final remarketing of said note portion of said mandatory unit, (Shearman "IRS analysis" Last Paragraph) said final remarketing attempted prior to said settlement date and not subject to a reset rate cap. (Shearman "IRS analysis" Last Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 8.**

Shearman together with Mortgage further teach:

attempting, prior to said attempting said final remarketing, an opportunistic remarketing, said opportunistic remarketing performed at an option of an issuer of said mandatory unit. (Shearman "Description of Mandatory Units" second paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 9.**

Shearman together with Mortgage further teach said opportunistic remarketing is at least one of a capped and an uncapped remarketing. (Shearman "Description of Mandatory Units" second paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 10.**

Shearman together with Mortgage further teach:  
settling said forward contract portion of said mandatory unit with proceeds from a successful remarketing. (Shearman "Description of Mandatory Units" second paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 11.**

Shearman together with Mortgage further teach a remarketing is successful if said note can be resold for an amount greater than a settlement price associated with said forward contract. (Shearman "Description of Mandatory Units" paragraph 2)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 12.**

Shearman together with Mortgage further teach a remarketing is successful if said note can be resold for an amount greater than a settlement price associated with said forward contract plus a remarketing fee. (Shearman "Description of Mandatory

Units" paragraph 2) Examiner notes that the amount of money mentioned in Shearman must be "at least equal to the settlement amount" allowing for any amount greater than the settlement amount as well.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 13.**

Shearman together with Mortgage further teach said initial remarketing is scheduled to occur prior to said settlement date. (Shearman "Description of Mandatory Units" First Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 14.**

Shearman together with Mortgage further teach both said subsequent capped remarketing and said final remarketing are scheduled to occur prior to said settlement date and after said initial remarketing. (Mortgage) (Shearman "Description of Mandatory Units 2nd paragraph) (Shearman "IRS analysis" Last Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 15.**

Shearman together with Mortgage further teach if said subsequent capped remarketing is unsuccessful, a second and a third subsequent capped remarketing are attempted. (Mortgage)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 16.**

Shearman together with Mortgage further teach:  
determining that each of said attempted remarketings is unsuccessful;  
(Shearman "Description of Mandatory Units" paragraph 2)  
settling said forward contract portion of said mandatory unit with a seizure of collateral of a holder of said forward contract. (Shearman "Description of Mandatory Units" paragraph 1)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 17.**

Shearman together with Mortgage teach a method for issuing a mandatory unit from an issuer to a holder, the method comprising:  
creating a forward contract, the forward contract having a contract term extending from an issue date of said unit to a settlement date, (Shearman "Description of Mandatory Units" first paragraph) said forward contract specifying a share delivery

ratio for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount; (Shearman "Description of Mandatory Units" first paragraph)

creating a note securing obligations of said holder under said forward contract, (Shearman "Description of Mandatory Units" second paragraph) said note specifying an initial capped remarketing, (Shearman Footer 4) at least a first subsequent capped remarketing (Mortgage), an opportunistic remarketing period, and an uncapped remarketing, (Shearman "Description of Mandatory Units" second paragraph) said uncapped remarketing performed only if each of said capped remarketing and any remarketing attempted during said opportunistic remarketing period fail; (Shearman "IRS analysis" Last Paragraph)

issuing said forward contract and said note as a unit. (Shearman first paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 18.**

Shearman together with Mortgage further teach said note is a contingent note. (Shearman "Descriptin of Mandatory Units" 1<sup>st</sup> and 2<sup>nd</sup> Paragraphs) Examiner notes that Shearman describes a note which can be converted to stock; which is the definition of a contingent note.

There is motivation to combine these sources because in doing so a company is

able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

12. Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Shearman in view of Mortgage in further view "New Basel Guidelines May Reduce Bank Corporate Governance" by sunsonline.org. (Hereinafter "Suns")

**Regarding Claim 6.**

Shearman together with Mortgage and Suns teach an issuer of said unit is a financial institution obligated to maintain Tier 1 and Tier 2 capital and wherein said unit is treated as Tier 1 capital. (See Suns Paragraph 2)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

13. Claims 19, 20, and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shearman in view of Mortgage, and further in view of Official Notice.

**Regarding Claim 19.**

Shearman together with Mortgage and Official Notice teach a unit administration system, comprising:

a processor; (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time.

a storage device in communication with said processor and storing instructions

adapted to be executed by said processor to: (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time.

administer an attempt of an initial capped remarketing of a note portion of said mandatory unit, (Shearman Footer 4) said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory unit, (Shearman "Description of Mandatory Units" first paragraph) said initial remarketing subject to a reset rate cap; (Shearman Footer 4)

administer an attempt of a subsequent capped remarketing if said initial remarketing is unsuccessful; (Shearman "IRS analysis" Last Paragraph)

administer an attempt, if both said initial capped remarketing and said subsequent capped remarketing are unsuccessful, (Shearman "IRS analysis" Last Paragraph) a final remarketing of said note portion of said mandatory unit, said final remarketing attempted prior to said settlement date and not subject to a reset rate cap. (Shearman "IRS analysis" Last Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 20.**

Shearman together with Mortgage and Official Notice further teach a communication device coupled to 'receive information from at least one of an issuer, a holder, a remarketing agent, and a market data source. (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time.

The device necessary to do this step would be simply a modem or any other network capable device.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 21.**

Shearman together with Mortgage further teach a method for remarketing a mandatory unit:

(a) attempting an initial capped remarketing of a note portion of said mandatory unit (Shearman Footer 4), said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory unit (Mortgage, Shearman "Description of Mandatory Units" first paragraph), said initial remarketing subject to a reset rate cap;(Mortgage)

(b) attempting a subsequent capped remarketing if said initial remarketing is unsuccessful; (Shearman "IRS analysis" Last Paragraph)

(c) attempting, if both said initial capped remarketing and said subsequent capped remarketing are unsuccessful, a final remarketing of said note portion of said mandatory unit, said final remarketing attempted prior to said settlement date and not subject to a reset rate cap; (Shearman "IRS analysis" Last Paragraph)

wherein at least some of said (a)-(c) are performed using a computer. (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

### **Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES A. VEZERIS whose telephone number is (571)270-1580. The examiner can normally be reached on Monday-alt. Fridays 7:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Naeem Haq/  
Primary Examiner, Art Unit 4172

/JAMES A VEZERIS/  
Examiner, Art Unit 4172

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